GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:349
ANSWERED ON:18.08.2005
IMPORT OF LNG FROM IRAN
Munshiram Shri ;Shahid Shri Mohammed

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India has signed an agreement with Iran for import of Liquefied Natural Gas (LNG);

(b) if so, whether India had requested Iran for concession on purchase of LNG;

(c) if so, the reaction of Iran in the matter;

(d) the estimated amount likely to be spent by the Government on purchase of LNG from Iran;

(e) whether Iran has also agreed to grant share to ONGC-Videsh Ltd. (OVL) in Jufeyr and Yadavaran oil fields;

(f) if so, the details thereof and the quantity of oil likely to be extracted therefrom annually;

(g) the time by which extraction of oil is likely to commence; and

(h) the manner in which India is likely to be benefited therefrom?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF THE LOK SABHA STARRED QUESTION NO.349 FOR ANSWER ON 18.8.2005 BY SHRI MUNSHI RAM AND MOHD. SHAHID, M.P.s REGARDING IMPORT OF LNG FROM IRAN

(a) to (d): A Sale Purchase Agreement (SPA) for the purchase of 5 million tonnes per annum (MMTPA) of LNG was signed between GAIL (India) Limited (GAIL)/Indian Oil Corporation (IOC)/Bharat Petroleum Corporation Limited (BPCL) and National Iranian Gas Export Company Limited (NIGEC) on the 13th June, 2005, in Tehran. The contract period is 25 years, beginning the last quarter of 2009. The pricing of LNG has been negotiated on commercial considerations and is linked to Brent crude prices with an appropriate floor and ceiling. On the basis of the present Brent crude prices, the amount payable to NIGEC for the import of 5 MMTPA of LNG would be around US $ 21 billion over the entire contract period of 25 years.

(e) to (h): As part of the package deal for the import of 5 MMTPA LNG by the Indian companies, under a Buyback Contract, ONGC Videsh Limited (OVL) have been offered 100% rights and obligations for the development of the Jufeyr oilfield, which is expected to produce 30,000 barrels of oil per day, as also 10% rights and obligations for development of the Yadavaran oilfield Iran, which is expected to produce a total of 300,000 barrels of oil per day.

While the National Iranian Oil Company (NIOC) is in discussion with the operating company to finalize the development plan for Yadavaran field, OVL is in discussion with NIOC to finalize the development plan for Jufeyr field. The commencement of production will be taken up after the Master Development Plans for the fields have been approved by NIOC.

Under the Buyback Contract system prevalent in Iran, OVL may get a maximum of 15% rate of return on the investment in the development of these fields. Further, as per the terms of the Buyback Contract, OVL would have the right to purchase oil from Iran equivalent to its investment in the project and return thereon at the prevailing market price.